

DEPARTMENT OF TRADE, INDUSTRY AND COMPETITION

NO. 5375

4 October 2024

COMPETITION COMMISSION

NOTIFICATION TO APPROVE WITH CONDITIONS THE TRANSACTION INVOLVING:

**ECHO EDGE (PTY) LTD
AND
KHUMONETIX (PTY) LTD IN RESPECT OF THE LETTING ENTERPRISE KNOWN AS
INGERSOLL-RAND**

CASE NUMBER: 2024APR0010

The Competition Commission hereby gives notice, in terms of Rule 38 (3)(c) of the 'Rules for the Conduct of Proceedings in the Competition Commission', that it has approved the transaction involving the abovementioned firms subject to conditions set out below:

Background

1. On 8 April 2024, the Competition Commission ("Commission") received notice of an intermediate merger wherein Echo Edge (Pty) Ltd ("Echo Edge") intends to acquire Khumonetix (Pty) Ltd ("Khumonetix") in respect of the letting enterprise known as Ingersoll-Rand ("Target Property"). Post-merger, Echo Edge will exercise sole control over the Target Property.
2. The primary acquiring firm is Echo Edge, a private company, duly incorporated in accordance with the laws of South Africa. Echo Edge is ultimately controlled by **[CONFIDENTIAL]**
3. Echo Edge does not have any shareholding by historically disadvantaged persons ("HDPs") as contemplated in the Competition Act 89 of 1998 ("the Act").
4. Echo Edge is a private property investment company consisting of real estate companies holding a diversified property portfolio across South Africa. Echo Edge's Gauteng industrial property portfolio consists of two properties namely **[CONFIDENTIAL]**.

5. The primary target firm is Khumonetix, in respect of the Letting Enterprise known as Ingersoll-Rand ("Target Property"). Khumonetix is 100% owned by the **[CONFIDENTIAL]** Trust.
6. Khumonetix does not have any ownership by HDPs.
7. The Target Property is a light industrial property located in Jet Park, Boksburg. It is currently leased to Ingersoll-Rand (Pty) Ltd.

Competition Assessment

8. The Commission found that the proposed transaction is unlikely to result in any substantial prevention or lessening of competition in any market.

Public Interest considerations

9. The Commission found that Echo Edge and the Target Property do not have HDP ownership. To address this concern, the merging parties have tendered a condition as outlined in **Annexure A**.
10. There are no other public interest concerns arising.
11. The Commission therefore approves the proposed transaction subject to the conditions in **Annexure A**.

ANNEXURE A**ECHO EDGE PROPRIETARY LIMITED****AND****KHUMONETIX PROPRIETARY LIMITED IN RESPECT OF THE RENTAL
ENTERPRISE KNOWN AS INGERSOLL-RAND****CASE NUMBER: 2024APR0010**

CONDITIONS

1. Definitions

The following terms have the meaning assigned to them below, and cognate expressions have corresponding meanings -

- 1.1. **"Acquiring Firm"** Echo Edge Proprietary Limited, a company incorporated in accordance with the laws of South Africa;
- 1.2. **"Approval Date"** means the date on which the Commission issues a Clearance Certificate in terms of the Competition Act;
- 1.3. **"Commission"** means the Competition Commission of South Africa, a statutory body established in terms of section 19 of the Competition Act, with its principal place of business at 1st Floor, Mulayo Building (Block C), the DTI campus, 77 Meintjies Street, Sunnyside, Pretoria, Gauteng;
- 1.4. **"Commission Rules"** means the Rules for the Conduct of Proceedings in the Commission issued in terms of section 21 of the Competition Act;
- 1.5. **"Competition Act"** means the Competition Act No. 89 of 1998, as amended;
- 1.6. **"Conditions"** means these conditions;
- 1.7. **"Days"** means business days, being any day other than a Saturday, Sunday or official public holiday in South Africa;

- 1.8. **"Funding Amount"** means [CONFIDENTIAL], inclusive of VAT and all costs;
- 1.9. **"HDPs"** means a Historically Disadvantaged Person(s) as contemplated by the Competition Act No. 89 of 1998 (as amended);
- 1.10. **"HDP-owned"** means owned as to, at least, 50% plus 1 share by HDP(s);
- 1.11. **"Implementation Date"** means the date, occurring after the Approval Date, on which the Merger is implemented by the Merger Parties;
- 1.12. **"Merger"** means the acquisition of sole control over the Target Property by the Acquiring Firm;
- 1.13. **"Merged Entity"** means collectively Acquiring Firm and Target Property;
- 1.14. **"Merger Parties"** means Acquiring Firm and Target Property;
- 1.15. **"Target Property"** means the property letting enterprise commonly referred to as "Ingersoll-Rand";
- 1.16. **"Tribunal"** means the Competition Tribunal of South Africa.

2. Conditions

HDP procurement spend

- 2.1. The Acquiring Firm shall disburse the entire Funding Amount to procure the erection/ and installation and maintenance of solar panels and inverters at the Target Property.
- 2.2. The Acquiring Firm undertakes to procure the services referred to in paragraph 2.1 above from majority HDP-owned suppliers.
- 2.3. For the avoidance of doubt, the Acquiring Firm may disburse the Funding Amount in terms of this paragraph 2, within twenty-four (24) months of the Implementation Date, which period will include at least six (6) months of post-installation maintenance.

3. Monitoring of compliance with conditions

- 3.1. The Acquiring Firm will notify the Commission of the Implementation Date of the Merger within 10 (ten) business days of its occurrence.
- 3.2. The Acquiring Firm shall submit an affidavit to the Commission within 1 (one) month after the compliance with these Conditions, provided that this date falls within 24 months following the Implementation Date.

4. Breach

- 4.1. If the Merged Entity appears to have breached the above Conditions or if the Commission determines that there has been an apparent breach by the Merged Entity of the Conditions, this shall be dealt with in terms of Rule 39 of the Commission Rules read with Rule 37 of the Rules for the Conduct of Proceedings in the Tribunal.

5. Variation

- 5.1. The Merging Parties may at any time, on good cause shown, apply to the Commission for the Conditions to be lifted, revised, amended and/or the time period for fulfilment of the Conditions to be extended. Should a dispute arise in relation to the variation of the Conditions, the Merging Parties shall apply to the Tribunal, on good cause shown, for the Conditions to be lifted, revised, amended and/or the time period for fulfilment to be extended as aforementioned.

6. General

- 6.1. All correspondence in relation to the Conditions must be submitted to the following e-mail address: mergerconditions@compcom.co.za and ministry@thedtic.gov.za.

Enquiries in this regard may be addressed to the Manager: Mergers and Acquisitions Division at Private Bag X23, Lynnwood Ridge, 0040. Telephone: (012) 394 3298